

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS ROME 004975

SIPDIS

SENSITIVE

FROM FODAG

STATE FOR IO/FO - SWIGERT, IO/EDA, IO/T, IO/PHO, NEA/NGA,
PRM
USDA/FAS FOR U/S PENN, ETERPSTRA, MCHAMBLISS, RTILSWORTH AND
LSCHATZ
USAID FOR AA/DCHA WINTER, AA/ANE, D/DCHA/OFDA BMCCONNELL,
D/DCHA/FFP LANDIS

E.O. 12958: N/A

TAGS: [EAID](#) [EAGR](#) [AORC](#) [PREF](#) [IZ](#) [FAO](#) [UN](#)

SUBJECT: FAO UPDATE ON IRAQ OIL-FOR-FOOD CONTRACTS

REF: (A) STATE 304499; (B) ROME 4767,
(C) ROME 4393; (D) ROME 4366

Sensitive but unclassified - please protect accordingly.
Not suitable for Internet posting.

1. (SBU) Summary: FAO officials report that, as of October 30, FAO has completed its work on 182 contracts (86 percent) out of the 211 contracts that were originally passed to FAO under Resolution 1483. With a number of contracts very close to completion, they fully expect to surpass the 90 percent mark by November 3. They point out that the Office of the Iraq Program (OIP) statistics reported ref A only count those contracts that FAO has amended and sent to OIP, but there are an additional 61 contracts for which all possible FAO action has been completed, but which need not or cannot be amended, for reasons beyond FAO's control. End summary.

2. (SBU) FODAG delivered ref A demarche to FAO on October 30. In response to the information provided in ref A, the FAO officials involved in OFF contract processing indicated that the OIP information works off a data base that may be misleading, and is accurate only if one considers the total number of contracts under SC Resolution 1483 that were actually amended by FAO.

3. (SBU) FAO offered the following accounting of the status of contract amendments:

(a) 211 - Total number of contracts passed to FAO by OIP for amendment under SC Resolution 1483.

(b) 121 - Number of contracts amended by FAO and sent to OIP (57.3 percent of the total).

(c) 43 - Number of contracts closed. Closed means either (1) by the time FAO received them all deliveries under the contracts had been completed and contracting actions completed, or (2) the suppliers had indicated to FAO that they had no interest in fulfilling or ability to fulfill the contracts. In all these cases no amendment to the existing contract was needed or possible. FAO has informed OIP of these contracts, but they apparently continue to appear on the list of contracts not acted upon by FAO (20.4 percent of the total).

(d) 9 - Number of contracts in which there is an intractable fee dispute. These are cases in which the suppliers refuse to agree to an amendment of their contracts reducing the cost by 10 percent. (This was, FODAG understands, one of the tasks set FAO in the contract amendment process.) FAO is not in a position to proceed with these contracts because the suppliers will not negotiate. FAO says that OIP and the CPA have been informed of this. Contracting action cannot take place on these contracts (4.3 percent of the total).

(e) 5 - Number of contracts rejected on technical grounds. Four of these are for insecticides that pose environmental or handler risk, or which are not approved for use in Iraq, and one is for irrigation equipment. These contracts have been discussed with the civilian advisors of the CPA and the Iraqi Ministry of Agriculture, and FODAG understands that these entities have agreed that the contracts should be de-prioritized. FAO is awaiting written confirmation of this from the CPA and has informed OIP of the circumstances surrounding these contracts (2.4 percent of the total).

(f) 4 - Number of contracts in which FAO has been unable to reach the suppliers. FAO indicates that none of the contact points (phone, fax, telex, email, etc.) have worked for these firms and FAO has been unable to proceed with contract re-negotiation for lack of having someone with whom to negotiate. FAO has tried to follow up through the embassies

of the countries in which the suppliers are registered, to no avail. FAO has informed the OIP and CPA of the status of these contracts and further action cannot be taken (1.9 percent of total).

(g) 11 - Number of contracts under active final negotiation with the suppliers and for which amendment finalization is expected shortly (5.2 percent).

(h) 12 - Number of contracts in which amendment discussions are underway and FAO has asked for, and is awaiting, supplier final terms for final negotiation of amendments. Amendment is expected (5.7 percent).

(i) 3 - Number of contracts in which all negotiations have been completed and FAO is awaiting supplier final signature of amended contract (1.4 percent of total).

(j) 3 - Number of contracts for which technical specifications are being identified by CPA and FAO technical experts (1.4 percent of total).

14. (SBU) The sum of contracts in paragraphs b through k is 211. It is apparent that the OIP percentage cited in ref A as representing total contract amendments completed includes only category b. However, FAO officials maintain that this is not an accurate representation of where the contracting process stands. Category c is one in which no action can or should be taken. Categories d, e, and f are ones in which FAO cannot move forward with contract amendment. These contracts -- for which amendment cannot be expected from FAO for reasons beyond their contracting control -- total 61. If one accepts that FAO has done on these contracts all that it is able in pursuit of amendment, then they are more appropriately placed in the "completed" column, making that percentage, as it stands on October 30, at 86 percent (121 plus 61 out of 212 contracts).

15. (SBU) If one accepts that categories g and i are near completion, then the total of completed contracts on November 3 would be 196. This represents 92 percent of the total contracts to be amended. FAO officials confirmed that they expect to have contract action completed on 90 percent by November 3, as they had previously indicated.

16. (SBU) Contract category h is one that FAO expects to complete before the November 21 deadline, and it also intends to do so with category j, assuming the necessary information from outside bodies is available in time.

17. (SBU) Comment: FODAG hopes this accounting of FAO OFF contract amendments under the SC Resolution 1453 helps to keep the process of finalizing this program on track.

18. (U) Minimize considered.

HALL

NNNN

2003ROME04975 - Classification: UNCLASSIFIED